

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: CORE SCIENTIFIC, INC., <i>et al.</i>, Debtors.¹	§ § § § § § § § §	Chapter 11 Case No. 22-90341 (CML) (Jointly Administered)
--	---	--

**EMERGENCY MOTION OF DEBTORS
FOR ORDER APPROVING AMENDMENT OF PURCHASE AND SALE AGREEMENT**

EMERGENCY RELIEF HAS BEEN REQUESTED. RELIEF IS REQUESTED NOT LATER THAN 5 P.M. (CENTRAL PREVAILING TIME) ON TUESDAY, OCTOBER 31, 2023.

IF YOU OBJECT TO THE RELIEF REQUESTED OR YOU BELIEVE THAT EMERGENCY CONSIDERATION IS NOT WARRANTED, YOU MUST APPEAR AT THE HEARING IF ONE IS SET, OR FILE A WRITTEN RESPONSE PRIOR TO THE DATE THAT RELIEF IS REQUESTED IN THE PRECEDING PARAGRAPH. OTHERWISE, THE COURT MAY TREAT THE PLEADING AS UNOPPOSED AND GRANT THE RELIEF REQUESTED.

YOU MAY PARTICIPATE IN THE HEARING EITHER IN PERSON OR BY AN AUDIO AND VIDEO CONNECTION. AUDIO COMMUNICATION WILL BE BY USE OF THE COURT'S DIAL-IN FACILITY. YOU MAY ACCESS THE FACILITY AT 832-917-1510. ONCE CONNECTED, YOU WILL BE ASKED TO ENTER THE CONFERENCE ROOM NUMBER. JUDGE LOPEZ'S CONFERENCE ROOM NUMBER IS 590153. VIDEO COMMUNICATION WILL BE BY USE OF THE GOTOMEETING PLATFORM. CONNECT VIA THE FREE GOTOMEETING APPLICATION OR CLICK THE LINK ON JUDGE LOPEZ'S HOME PAGE. THE MEETING CODE IS "JUDGELOPEZ". CLICK THE SETTINGS ICON IN THE UPPER RIGHT CORNER AND ENTER YOUR NAME UNDER THE PERSONAL INFORMATION SETTING.

HEARING APPEARANCES MUST BE MADE ELECTRONICALLY IN ADVANCE OF BOTH ELECTRONIC AND IN-PERSON HEARINGS. TO MAKE YOUR APPEARANCE, CLICK THE "ELECTRONIC APPEARANCE" LINK ON JUDGE LOPEZ'S HOME PAGE. SELECT THE CASE NAME, COMPLETE THE REQUIRED FIELDS AND CLICK "SUBMIT" TO COMPLETE YOUR APPEARANCE.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Core Scientific Mining LLC (6971); Core Scientific, Inc. (3837); Core Scientific Acquired Mining LLC (6074); Core Scientific Operating Company (5526); Radar Relay, Inc. (0496); Core Scientific Specialty Mining (Oklahoma) LLC (4327); American Property Acquisition, LLC (0825); Starboard Capital LLC (6677); RADAR LLC (5106); American Property Acquisitions I, LLC (9717); and American Property Acquisitions, VII, LLC (3198). The Debtors' corporate headquarters and service address is 210 Barton Springs Road, Suite 300, Austin, Texas 78704.

Core Scientific, Inc. and its debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”), respectfully represent as follows in support of this motion (the “**Motion**”):

Jurisdiction

1. The United States Bankruptcy Court for the Southern District of Texas (the “**Court**”) has jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On September 15, 2023, the Debtors filed *their Emergency Motion for Order Approving (I) Global Settlement Between Debtors and Celsius, (II) Sale of Cedarvale Facility and Related Assets, (III) Entry Into Amended TNMP Contract and Assumption and Assignment of Transferred Contracts and (IV) Granting Related Relief* (Docket No. 1236) (the “**Settlement and Sale Motion**”). The Settlement and Sale Motion sought the Court’s approval, among other things, to enter into a global settlement with and sale of certain assets to Celsius Mining LLC and certain of its affiliates (collectively, “**Celsius**”), the terms of which are memorialized in that certain Purchase and Sale Agreement, dated as of September 14, 2023 (the “**PSA**”, and together with all other agreements, documents, instruments, deliverable thereunder or attached thereto or referenced therein, and as may be further amended, modified, and supplemented the “**Transaction Documents**”) attached as Exhibit 2 to the Settlement and Sale Motion.²

² A copy of the PSA and certain other Transaction Documents can be found in Exhibit No. 19 of *the Debtors’ Witness and Exhibit List for Hearing on October 2, 2023*, filed on September 28, 2023 (Docket No. 1272-21).

3. The assets being sold under the PSA comprise the Debtors' Bitcoin mining facility located in Cedarvale, Ward County, Texas (collectively, the "**Cedarvale Facility**"), the components of which, include, among other things, the land (which is described with particularity in a metes and bounds legal description describing multiple tracts of land and attached as Exhibit A to the PSA (the "**Land Legal Description**"), the improvements thereon and certain equipment, fixtures and personal property, including, a substation, all of which are collectively defined in the PSA as the "Purchased Assets" and comprise the Cedarvale Facility.

4. On October 2, 2023, the Court entered the *Emergency Order Approving (I) Global Settlement Between Debtors and Celsius, (II) Sale of Cedarvale Facility and Related Assets, (III) Assumption and Assignment of Transferred Contracts and (IV) Granting Related Relief* (Docket No. 1292) (the "**Settlement and Sale Order**") approving the Settlement and Sale Motion.

Relief Requested

5. By this Motion, pursuant to section 105(a) of title 11 of the United States Code (the "**Bankruptcy Code**") and the Settlement and Sale Order, the Debtors request entry of an order, substantially in the form attached hereto as **Exhibit A** (the "**Proposed Order**"), to approve the Debtors' entry into an amendment to the PSA (the "**PSA Amendment**"), attached as **Exhibit 1** to the Proposed Order.

6. Following the entry of the Settlement and Sale Order, as the Debtors and Celsius are preparing for the consummation of the transactions contemplated by the PSA, Celsius exercised its contractual right under the PSA to obtain a survey of the Cedarvale Facility, which is customary in property sale transactions. The survey revealed that Cedarvale Facility is situated on three tracts of land, while the Land Legal Description in the PSA, which the Debtors provided in

good faith with the belief that the Land Legal Description comprises all of the land on which the Cedarvale Facility is located, only describes two tracts of land. The tract of land on which the Cedarvale Facility is situated but not included in the Land Legal Description (the “**Additional Tract**”) is the site of certain Purchased Assets being sold to Celsius, including the substation and certain improvements, which have been permanently installed thereon and are immovable (collectively, the “**Substation and Additional Tract Improvements**”). The Debtors and Celsius desire to enter into the PSA Amendment to correct the error in the Land Legal Description to include the legal description of the Additional Tract as set forth in Exhibit A of the PSA Amendment (the “**Amended Land Legal Description**”).

7. Section 13 of the Settlement and Sale Order provides that the Transaction Documents and any related agreements, documents, or other instruments in effect as of the date hereof may be modified, amended, or supplemented through a written document signed by the parties thereto in accordance with the terms thereof without further order of this Court, provided that any such modification, amendment, or supplement does not have a material or an adverse effect on the Debtors or their estates. Section 17 of the PSA provides that the PSA may be amended by an instrument in writing signed by the Debtors and Celsius.

8. The Debtors believe that the PSA Amendment signed by the Debtors and Celsius (i) does not have a material or an adverse effect on the Debtors or their estates, as the Debtors always intended to sell the entire Cedarvale Facility to Celsius, including the Substation and Additional Tract Improvements as well as the land on which the same is situated, and (ii) is consistent with the requirements of the Settlement and Sale Order and the PSA. However, Chicago Title Insurance Company (the “**Title Company**”), the title company acting as closing and escrow agent for the closing of the transactions under the PSA and issuing the owner’s policy of title

insurance (the “**Owner’s Policy**”) to Celsius at closing, informed the Debtors that the Title Company will not issue the Owner’s Policy without an order from the Court approving the PSA Amendment. Section 6(b)(v) of the PSA provides that a condition precedent to Celsius’ obligation to consummate the closing of the transactions under the PSA is that the Title Company shall be prepared to issue the Title Policy at closing. Since Celsius is purchasing an Owner’s Policy, it is unwilling to waive this condition precedent and, therefore, the Debtors will not be able to consummate the transactions under the PSA unless the Court enters the Proposed Order.

9. In addition, Celsius has agreed to extend the Closing Date (as defined in the PSA) to October 31, 2023, as set forth in the PSA Amendment, in order for the Debtors to obtain the entry of the Proposed Order from the Court. Furthermore, Celsius may terminate the PSA if the transactions contemplated under the PSA are not consummated by November 3, 2023.³ Accordingly, in accordance with the Settlement and Sale Order, the Debtors seek explicit approval of the PSA Amendment by the Court by October 31, 2023 to correct the error in the Land Legal Description and replace the Land Legal Description with the Amended Land Legal Description, which is necessary for the Debtors to have sufficient time to timely consummate the closing of the transactions contemplated under the PSA that the Court previously approved.

Notice

10. Notice of this Motion will be served on any party entitled to notice pursuant to rule 2002 of the Federal Rules of Bankruptcy Procedure, and any other party entitled to notice pursuant to rule 9013-1(d) of the Bankruptcy Local Rules for the United States Bankruptcy Court for the Southern District of Texas.

³ Section 13(e) of the PSA provides that Celsius may terminate the PSA after fifty calendar days of Celsius filing their motion to seek approval of entry into the PSA in their chapter 11 cases in the United States Bankruptcy Court for the Southern District of New York, which was filed on September 6, 2023 (Celsius Docket No. 3474).

WHEREFORE the Debtors respectfully request entry of the Proposed Order granting the relief requested herein and such other and further relief as is just.

Dated: October 29, 2023
Houston, Texas

Respectfully submitted,

/s/ Alfredo R. Pérez

WEIL, GOTSHAL & MANGES LLP

Alfredo R. Pérez (15776275)

Clifford W. Carlson (24090024)

700 Louisiana Street, Suite 1700

Houston, Texas 77002

Telephone: (713) 546-5000

Facsimile: (713) 224-9511

Email: Alfredo.Perez@weil.com

Clifford.Carlson@weil.com

-and-

WEIL, GOTSHAL & MANGES LLP

Ray C. Schrock (admitted *pro hac vice*)

Ronit J. Berkovich (admitted *pro hac vice*)

767 Fifth Avenue

New York, New York 10153

Telephone: (212) 310-8000

Facsimile: (212) 310-8007

Email: Ray.Schrock@weil.com

Ronit.Berkovich@weil.com

*Attorneys for Debtors
and Debtors in Possession*

Certificate of Service

I hereby certify that on October 29, 2023 a true and correct copy of the foregoing document was served by the Electronic Case Filing System for the United States Bankruptcy Court for the Southern District of Texas.

/s/ Alfredo R. Pérez
Alfredo R. Perez